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African (South)
No. 883.

SOUTHERN RHODESIA.

MEMORANDUM.

NEGOTIATIONS FOR A SETTLEMENT

BETWEEN

THE BRITISH SOUTH AFRICA COMPANY

AND THE

INHABITANTS OF SOUTHERN RHODESIA.

COLONIAL OFFICE,
July, 1907.

SOUTHERN RHODESIA.

African (South)
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MEMORANDUM.

Negotiations for a Settlement between The British South Africa Company and the Inhabitants of Southern Rhodesia.

The first public proposal for a settlement between the inhabitants of Southern Rhodesia and the shareholders of the British South Africa Company came from a source nominally independent of the Company, though the Directors appear to have supplied the material on which it was based.

In 1903, Sir George Taubman Goldie, formerly chairman of the Royal Niger Company, made a tour of inspection in Southern Rhodesia. It is understood that his object was to investigate the prospects of the country before deciding whether he should accept an invitation to join the Board of the British South Africa Company. Eventually he declined.

After his return to England he sent to Col. Raleigh Grey, one of the unofficial members of the Legislative Council, a letter, dated the 20th
21750/1904. April, 1904, in which he made some suggestions for raising funds to develope the country and for "ascertaining definitely the indebtedness of the territory to the Chartered Company in respect of money expended on administrative work." His letter was published in the local papers; and the discussion which ensued led up to the invitation given by the Directors to the people of Rhodesia in 1904, to appoint delegates to confer with the Board in London.

The chief object of Sir George Goldie's scheme was to obtain from the inhabitants a formal acknowledgment of their liability to the Company in respect of the accumulated deficit on the administration of Southern Rhodesia. From figures supplied by the Company, he calculated that the total indebtedness exceeded £8,000,000. He suggested that "the debt, when ascertained, shall be funded; that the Chartered Company

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shall retain only five millions sterling as a Private Fund; and that the balance shall be given by the Company to a Trust Fund for the benefit of Southern Rhodesia." Both funds would bear interest, but "on the Private Fund, interest would not be actually payable until the cessation of Chartered Government, unless there is previously a sufficient surplus of revenue: it would meanwhile be added year by year as a matter of account to the capital sum of the Private Fund." Interest on the Trust Fund was to be paid out of surplus revenue, if any, or out of the Trust Fund itself. Money for the Trust Fund was to be raised from time to time, as required, by the issue of bonds, and expended on such public objects as land settlement, fencing, irrigation, railways, the encouragement of small mining enterprises, &c. As the fund would be "the free gift of the Company," the management of it was to be in the hands of the Board. Sir George Goldie thought there would be no difficulty in getting the money, "once the present floating debt is clearly ascertained and fixed by virtue of a Legislative Act." "An Ordinance approved by the High Commissioner and the Secretary of State would clearly be necessary," and he therefore suggested that "during the approaching Session the elected Members should introduce a Resolution declaring that the time has arrived when the claim of the Company should be ascertained, and that a committee of (say) four of their number should, after the close of the Session, proceed to England to examine into and provisionally settle the terms." The necessary Ordinance could then be passed.

The claim that the administrative deficit should be treated as a charge on the territory, had, of course, been made publicly before. Mr. Rhodes, for instance, in speeches to the shareholders in 1898 and 1899,* insisted that the future self-governing state of Southern Rhodesia would have to take over "the total cost of its conquest and development from barbarism to civilisation." But Mr. Rhodes contemplated some apportionment of the Company's property between the shareholders and the new state. Under the Goldie scheme the people of Southern Rhodesia would have had to pay the interest on some £8,000,000, besides providing the cost of administration, out of taxation alone.

Public meetings were held at Bulawayo and at Salisbury on the 20th of May, and arrangements were made to hold a conference representing the whole country. At the Bulawayo meeting a resolution was passed in the following terms:—

> "That this meeting of the inhabitants of Bulawayo, whilst affirming on general principles the readiness of the people of Rhodesia to fulfil all just obligations there may be to the British

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* See the extracts from the speeches of the 21st April, 1898, and 2nd May, 1899, printed as an Appendix.

> South Africa Company, and the desirability of arriving at a general settlement between the people and the Company, does not admit the principle of the liability of the people to make good any administrative deficits and refuses to accept the proposals as submitted by Sir G. Goldie to our elected representatives."

A further resolution called for a general election before any steps were taken to settle the relations between the community and the British South Africa Company. At Salisbury two resolutions were passed of which the first ran as follows :—

> "That the people of Salisbury in public meeting assembled emphatically repudiate any liability whatever on the part of the settlers of Rhodesia towards the Chartered Company and especially in the sense contained in Sir George Goldie's letter to the elective members of the Legislative Council and they hereby notify the members of this constituency that they must in no way pledge the credit of their constituents in this connection."

The second resolution appointed a committee to deal with Sir George Goldie's proposals.

Those of the speakers who repudiated liability to the Company argued that, as the people did not control expenditure, they were not responsible for it ; that the preamble to the Charter contains a promise by the promoters to provide all the money required for developing the country ; that the provision in the Charter for buying public buildings shows that nothing else need be paid for ; and that expenditure due to the raid, ought not to fall on the people. Some stress was laid on the fact that the Company gave up no assets in return for the £8,000,000, contrary to the precedent of the Royal Niger Company ; and it was pointed out that if the shareholders were paid out at par, or even at 30*s.* a share,* the people would "in return for less than eight millions, get the whole assets of the concern." It was claimed that the people had twice conquered the country for the Company (in 1893 and 1896). It was also urged that, whatever the legal position, the heavy losses in life and property caused to the settlers by the Company's mistakes cancelled any moral obligation. The allusion is, of course, to the withdrawal of the police for the raid, and to certain complaints against the Agricultural Department in regard to the rinderpest, etc. On the other hand, those who took a more reasonable view were prepared to admit responsibility for expenditure since 1899, for which estimates had been approved by representatives of the people in the Legislative Council, and even to discuss the items of the £8,000,000, provided the Company were willing to give something in return, and did not insist on charging past administrative deficits

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* The market price at the time seems to have been 43*s.* a share. The share capital was £5,000,000, see Appendix II.

on the territory as of right. The Company's financial straits were considered to be a good opportunity for getting rid of Chartered Government, or at least extracting some concessions from the "commercial side."

On the 9th of June a Conference of some forty delegates from various public bodies met at Salisbury, not so much to discuss the Goldie Scheme, which was regarded as definitely rejected, as to frame counter-proposals. The Chairman began by reading a letter wrttten by Dr. Jameson on the previous day, in which he invited the Conference to appoint delegates to meet the Board in London, and, if possible, to come to a practical understanding with them on "all matters of administration and finance."

The Conference opened with a general discussion on "the position between the country and the British South Africa Company." All the speakers were agreed that the existing form of administration ought to be changed, and that there should be some sort of settlement as to the Company's commercial interests, but there was a difference of opinion as to the next stage in the development of the government of the territory. It was recognized that a white population of 12,000 among 575,000 natives could not expect responsible government, but it was thought that representative government might be conceded. The main question at issue was whether the rule of the Imperial Government would be preferable to that of the Chartered Company. The more moderate party, which included five members of the Legislative Council and a majority of the Matabeleland delegates, favoured the retention of the control of the Company, which they thought would be more favourable to the development of the country's resources. As long as the Company had an interest in the country, capital would be introduced. The extremists were for Crown colony government, and the total elimination of the Company. They eventually carried a resolution as follows :—

> "That it is desirable that the administrative rights of the Chartered Company should cease as soon as they can be relieved of the responsibility for any deficiency between revenue and expenditure.

The resolution was carried unanimously, but, as they afterwards explained in the newspapers, the moderate party voted for it "solely to secure unanimity, as it was felt that the moral weight of the representations to be made to the Imperial Government and to the British South Africa Company by the elected delegates would be much strengthened by a unanimous vote."

The Conference then resolved itself into a Committee to prepare terms to be offered to the Company. The idea of the extreme party seems to have been that the Company was bankrupt, and that the Directors would be forced to take any terms offered to them, in order to be rid of

the burden of the administrative deficit and to get money for development of their commercial interests. A resolution was moved in favour of the "expropriation of the British South Africa Company as an administrative and commercial corporation." It was pointed out, however, that the price, which might be anything from £10,000,000 to £20,000,000, or more, could not possibly be paid by Rhodesia. There was already a deficit ou the administration. Customs duties were limited by the Order in Council, at least as far as British goods were concerned, to the low tariff of the Customs Union of 1898. The Imperial Government had put a veto on increasing the taxation of natives. How could the people possibly make up the deficit and pay interest on the capitalised value of the Company's assets and expectations, even if the Imperial Government "backed the bonds," as the more sanguine speakers hoped? Besides, if the Company refused to be bought out, negotiations would be at an end. These criticisms resulted in a modified resolution, which was carried with one dissentient, Dr. Wylie, for whom it was "not drastic enough":—

> "This Conference records its conviction that Southern Rhodesia can make no true progress so long as the British South Africa Company, as an administrative or commercial body, has control or power in the direction of public affairs, and instructs any delegates it may appoint, to strive for the elimination of that Company as an administrative or commercial body in Southern Rhodesia.
>
> Should such delegates find it impossible, with the assistance of the Imperial Government, to bring about the desired result, it will be open for them to bring, for the consideration of the people of Southern Rhodesia, any other proposals."

The "assistance of the Imperial Government" does not refer to a guarantee, but to the help which the Conference hoped to obtain from the Secretary of State towards forcing the Company to negotiate on the expropriation basis and fixing the price to be paid for the assets.

As regards the cost of expropriation, it may be interesting to note that there were protests against valuing the assets south of the Zambesi at a price higher than the market value of the capital of the Company, which, of course, included its assets in Northern Rhodesia also.

The views of the more moderate, or more practical party, were embodied in an amendment, which was not put to the vote. It seems to have been prepared beforehand by some of the elected members of the Council. The text is as follows:—

> "That any settlement arrived at should include provisions for the following matters:—
>
> (*a*) The abolition of the 30 per cent. on mineral rights and the royalty of 2½ per cent. on production.
>
> (*b*) That all unlocated minerals and precious stones shall be open to location without respect of persons and without distinction of terms.

(*c*) An acknowledgment that all unalienated land is public domain.

(*d*) All public buildings, public works, telegraphs and other assets used exclusively or mainly for administrative purposes to become the property of the country.

(*e*) The right reserved to the country of expropriation of any railways.

(*f*) The issue under terms as to interest, &c., to be agreed upon of a loan of two or three millions upon the credit of the country to be applied solely to the industrial development and settlement of Southern Rhodesia, and to be administered by a public body composed wholly or mainly of popular representatives.

(*g*) In consideration of the foregoing, the country to agree to pay £ , to be considered as a debt due to the British South Africa Company, but not to accrue or carry interest until such time as the administration of the British South Africa Company shall cease.

(*h*) No claim to be made for past or future deficits incurred by the administration of the British South Africa Company."

It will be seen that there is not much difference between the amendment and total expropriation.

A split occurred on the election of delegates. The moderates, most of whom were connected with large mining companies, formed a majority of the Matabeleland representatives, though in a minority of the whole Conference. They tried accordingly to have the election conducted by divisions as for the Council. The extreme party insisted on the choice of delegates by the Conference as a whole. On this, the moderates withdrew from the proceedings. They subsequently protested in the newspapers. Mr. Gordon S. D. Forbes, D.S.O. (President of the Chamber of Mines), Dr R. Wylie (member for the Northern or Salisbury Division), and Messrs. Guy Marshall, F. Eyles, T. M. Rixon, Theo. Haddon, and Lionel Cripps were elected as delegates. Their travelling expenses were paid by the Company. 25240/1904.

On reading the report of the proceedings of the Conference, the Board telegraphed to the Administrator that they could not receive the delegates unless the idea of total elimination of the Company was definitely abandoned. Mr. Forbes stated in writing on the 7th July that the majority considered elimination impracticable at present, and that their object would be to negotiate for a settlement not involving that policy. Some question was raised afterwards as to whether the delegates had adhered to this understanding.

The Board received the deputation on the 3rd, 9th, and 12th August, 1904. When asked to state the views of the deputation at the meeting on the 3rd, Mr. Forbes began by bringing forward certain practical grievances, and, in regard to the general settlement, contented himself with suggesting that the Company 30762/1904.

should fix a definite sum as the value of their assets in Southern Rhodesia, including public works, and should give the people the option of taking over the assets at that price at some future date. If this were arranged, and the people given a say in matters of expenditure,* they would accept their share of responsibility for future deficits, but they repudiated liability for past deficits over which they had no control. He asked for more representation of the people, or, in view of the difficulty of finding men to stand, a reduction in the Company's representation on the Council. He also asked for concessions under the following heads, on which much more stress was laid than on the political matters above :—

(1) The substitution of a tax on profits or a royalty for the 30 per cent. clause.
(2) Reduction of railway rates.
(3) Local control of the loan to be raised for development.
(4) The De Beers Agreement to be cancelled, and diamonds thrown open for pegging ; or, if the Agreement could not be cancelled, the Chartered Company to let the prospector have its interest in the diamonds.
(5) Recognition of the unalienated lands being public domain.
(6) Expropriation of the railways.

Two of these heads require some explanation, which may conveniently be given here.

The 30 *per cent. clause* (formerly 50 per cent.), Sections 40-42 of the Mines and Minerals Ordinance, 1903, provide that every registered mining location (other than an alluvial claim) shall be held by the registered holder thereof on joint account with the British South Africa Company, in the proportion of seven-tenths by the registered holder and three-tenths by the Company ; and that the location shall not be worked for profit until terms have been arranged with the Company, and can only be acquired by a company under a scheme of which the details have been approved by the British South Africa Company. The provisions of the previous Ordinance were the same save that the location was to be held on joint account *in equal shares*—see Section 52 of Ordinance 1 of 1895. The

* This refers to a change introduced in 1903. Before that time the elected members had been precluded from initiating or increasing expenditure. When the popular representation was increased and the Company were left dependent on the Administrator's casting vote, the Secretary of State thought it prudent to alter the Order in Council so as to prevent elected members from moving to reduce expenditure without the Administrator's leave. On the petition of the elected members the right to move reductions was restored in 1904.

usual arrangement is for the Company to take so much of the vendor's scrip as may be arranged. It is understood that in practice less than 50 per cent. was taken, as a rule, even before the law was altered. The scheme was devised by Mr. Rhodes as the fairest way of reconciling the Chartered Company's interests with those of the prospector and the investor, and is alluded to and defended in the extracts from his speeches printed in the Appendix.

The agreement with De Beers in regard to diamonds found in the Chartered Company's territories. In 1892 the De Beers Company lent the British South Africa Company £212,000, receiving in return 6 per cent. debentures, charged on all the Company's assets and its interest in the railway then building, together with an undertaking as to the rates to be charged on wood and coal carried by the railway to the De Beers mines. In further consideration of this loan the British South Africa Company gave the De Beers Company the exclusive right to work all the diamondiferous ground in their territories both north and south of the Zambesi on payment of a royalty of 2½ per cent. on the profits. Since 1904 attention has been called to the subject by the discovery of diamonds in Southern Rhodesia, the enactment of a Precious Stones Ordinance, the grant of a concession over a large area to Sir John Willoughby, with the consent of De Beers. The money lent in 1892 has now been repaid and it is understood that the British South Africa Company are going to contest the claim of the De Beers Company under the 1892 agreements in a court of law. 3908/1906 and 27731/1906. 137/1907.

The Board's answer to the delegates was put in the form of a memorandum, dated 9th August, 1904, which is printed at p. 10 of the report of the proceedings of the London Conference. After sketching the course of events since Sir George Goldie's proposals, the Directors point out that many of the concessions sought could only be met by the establishment of responsible government. Understanding that it is common ground that a public debt should be constituted for the development of the country and the repayment of the shareholders, the Directors propose the creation of £7,500,000 4 per cent. "Rhodesian Consols" the interest to be funded until it can be paid out of revenue, or self-government can be established. "The Board," they say, "is willing to admit the future government of the country to a participation in the land and mineral assets of the Company in Southern Rhodesia, to the extent of one-third, and to agree to the immediate application of £2,500,000, or one-third of the proposed issue of consols, to expenditure of public utility, provided that the country will on its side fix the amount due to the Company for the above one-third of the land and minerals, 30762/1904.

and as a general settlement, at £5,000,000 in Consols. The Company will also transfer to the Government all its public works and administrative plant, including telegraphs, and relinquish its claim in respect of certain past expenditure in Southern Rhodesia. This expenditure has exceeded £8,000,000."

Subject to the foregoing settlement, the Board made the following offer in regard to the concessions for which Mr. Forbes had asked :—

(1.) The 30 per cent. clause.—Mining companies will be given the option of paying "a royalty on the gross gold production of an amount now to be settled as representing a fair equivalent" for the 30 per cent. of the vendors' scrip.

(2.) Railway rates will be lowered as much as possible.

(3.) The Trust Fund to be managed by a local Board with an unofficial majority.

(4.) Diamonds and Precious Stones.—"The Company cannot vary its agreement with the De Beers Company, but will give a pegger the full royalty of 2½ per cent. on profits reserved to the British South Africa Company under that agreement, retaining only its claim licences. In the case of diamonds in respect of which De Beers Company may not exercise its rights, or of other precious stones, the Company will give the rights set out in the Precious Stones Ordinance, of which a draft was submitted to the Legislative Council during its recent session."*

(5) Unalienated land.—"The unalienated land is not the property of the country, but. as previously mentioned, the Company will on, the establishment of self-government account to the future Government for one-third share of any profits it may derive from the further alienation of land by way of purchase price, quit rent, or other revenue." The Company would also be subject to taxation.

(6) Expropriation of railways. — The Company has not the right to expropriate, but holds a controlling

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* This draft Ordinance was withdrawn at the request of the mining community for further consideration. On 19th September, 1904, the Rhodesia Chamber of Mines wrote that they were unanimously opposed to the draft becoming law on the ground that, so long as the agreement with De Beers held, there was nothing left worth legislating about. An Ordinance on the lines of the draft was passed in the 1906 session.

share interest, which it will sell to the Government at a valuation, subject to an indemnity against its guarantee of debenture interest and capital.

(7.) General settlement as to Purchase Price of Chartered Company's Interest south of Zambesi.—"The Company can only sell its assets for cash or its equivalent. In the present circumstances, therefore, this question cannot arise."

(8.) Form of Government.—"The Board has already recommended the Secretary of State to give effect to the petition* lately presented by the elected members in regard to clause 40 of the Southern Rhodesia Order in Council, and, provided that the country will assume the responsibility for future administrative deficits, the Company will at once set apart one-third of its profits from land and minerals to be applied if necessary in reduction of these deficits, and will ask the Secretary of State to approve" changes in the Order in Council increasing the power of elected members to reduce money votes, with a few exceptions, withdrawing one of the Company's nominees, so as to give them a majority on budget questions.

Finally the Board reserved the full rights of the Company in default of an agreement.

On the main question then, the offer of the Company was to give Southern Rhodesia, when it became a self-governing community, one-third of the proceeds of any land or minerals alienated after the date of the grant of self-government, together with the telegraphs and other public works, in return for £5,000,000 Rhodesian consols, with interest accrued from the date of the settlement. During the interval between the date of the settlement and the grant of self-government, the Company offered to apply to administrative purposes so much of the one-third of the proceeds of the land and minerals as might be required to meet the administrative deficit, if on their part the people would admit liability for any such deficit incurred in the interval. The administrative deficit up to the date of the settlement was to be cancelled as part of the consideration for the £5,000,000. Subsequent deficits, with the accrued interest on the Rhodesian consols, were to be added to the £5,000,000 when self-government was granted.

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* See note on p. 9.

Some explanation is necessary in regard to this administrative deficit. The financial statement of Southern Rhodesia for the year ended 31st March, 1904,* shows, in round figures :—

Revenue ...	...	£435,000
Expenditure	...	736,000
Deficit	...	£301,000

which is met by "advances from the British South Africa Company," £315,000. The revenue side of the statement includes the amount derived locally by the Company from land and minerals, by way of quit-rents, claim licences, royalties, &c. The Board regarded this amount as being commercial revenue of the Company just as much as the proceeds of the 30 per cent. clause, the Company's share of the vendors' scrip, which does not appear in the Southern Rhodesia accounts ; and it has since been distinguished in the estimates as "income from property of the British South Africa Company," as compared with revenue from "taxation and services rendered."† It is uncertain how much of this commercial revenue was included in the £435,000 above. In 1905–6 it formed 12·5 per cent. of the estimated revenue, and may perhaps be put at £54,000 for 1903–4. On this showing the administrative deficit for 1903–4 would be

Revenue ...	...	£381,000
Expenditure	...	736,000
Deficit	...	£355,000

towards meeting which the Directors offered one-third of £54,000, or £18,000, together with one-third of the proceeds of the 30 per cent. clause, the amount of which cannot be stated exactly.‡ It is not clear whether this offer applied to all minerals or only to those alienated after the date of the settlement. The Directors did not anticipate that it would do more than reduce the deficit.

The delegates made no formal answer to the Board's memorandum, but their views can be gathered from the discussions which took place on the 9th and 12th August. They did not object to the principle of the creation of a debt of £5,000,000, but thought they were not getting enough in return for it. They objected that the present market price of the shares, which represented assets north of the Zambesi and holdings in subsidiary companies, as well as land and minerals in Southern Rhodesia, was some £7–8,000,000. The good land in the territory had mostly been alienated ; what remained was not inhabitable by white men. The one-third of the minerals might, as Mr. Beit said, be

Report, pp. 39, 47.

p. 36.

p. 42.

p. 30.

* Cd. 2820.

† The distinction was first drawn in the Estimates for 1905–6. Cd. 2820.

‡ In 1903–4 shares to the nominal value of £40,642 were received under the Mining Law. The proceeds of shares sold, but not necessarily received, during the year amounted to £36,706.

worth more than £5,000,000 in the future ; on the other hand they might deteriorate.

The Directors did not clearly state how they arrived at the sum of £5,000,000. They claimed to have spent £10,000,000 on the country, but they recognised that some part of that amount was expenditure which the people would not pay for. As regards the value of the shares, the quotation had been up to £9 and down to £1, and it was not fair to take either figure. Mr. Beit suggested £4–5 as a fair average.

pp. 56, 57.

The most effective criticism on the directors' proposals was made when Mr. Marshall pointed out how unequal the finances of Southern Rhodesia were to the burden imposed by the scheme taken as a whole. The inhabitants would be saddled with

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£200,000 a year deferred interest on the £5,000,000,
£200,000 a year administrative deficit,
£100,000 a year interest on the £2,500,000 development loan,

against which they would have some £30,000 a year from the proceeds of the land and mineral assets of the Company. How could they face a loss of that kind with practically none of the rights in the minerals and the land possessed by other governments? As the Company retained two-thirds of their assets, the benefit of the development loan would be mainly theirs, while the inhabitants would pay the whole of the interest. It was a fair retort that the natives paid a large share of the taxation, but the directors did not seriously attempt to show that the scheme was financially practicable.

Dr. Wylie protested against the idea that the inhabitants "were in any way supplicating" the directors. The liability to administer the country rested on the Company, and, supposing the Company were obliged to relinquish the administration for any reason, he took it that the contingent liability rested not on the people but on the Imperial Government. Why, then, should the people relieve the Company of their liability "except for very material advantages?"

p. 47.

Much of the discussion was about the effect of the proposed changes in the working of the 30 per cent. clause on the mining industry, and a further concession was announced in the shape of reductions on the royalties paid by small workers. These matters are not in point here. It may, however, be interesting to note a few of the other questions which came up. One of the delegates pointed out that the future State of Southern Rhodesia would not own either land or minerals, which would be completely at the disposal of the Company. All the State would have would be the right to one third of the proceeds. On this the Directors were apparently prepared to consider the actual transfer of the property. The question of a share in the proceeds of the

p. 27.

pp. 18, 19. Victoria Falls Power Scheme was raised. The reply was that the rights were already alienated, but the Directors seemed disposed to consider the claim of the country to a share in other water rights, and, as Mr. Beit put it, give the people "a share in the Company's scrip" of the Falls Scheme. The question of the apportionment of

p. 43. the mining department's takings between revenue and commercial profits was also raised. Lord Grey thought that claim licences, *inter alia*, might be regarded as administrative revenue, if the Directors' scheme was adopted. One of the delegates said that lawyers in Rhodesia were prepared to contest the Company's claim that the unalienated land was their property, though he was not able to state the arguments. (No statement of the case against the Company's ownership has been received by this Department; nor is it known on what Rhodesians base their assertion that they have been promised that the unalienated land shall be public domain. It has been stated in the newspapers that Mr. Rhodes made such a promise, but the reference cannot be traced, unless it is to his speech at Bulawayo in 1893, an extract from which is printed in the Appendix).

Neither side referred to an Imperial guarantee of the proposed "Rhodesian consols."

As it was plain that no settlement would be arranged Lord Grey closed the Conference, declining to negotiate on the basis that the inhabitants owed the Company nothing for past administrative expenditure, but inviting the delegates to discuss particular grievances in the spirit of Mr. Forbes's letter to the Administrator of the 7th of July.

On their arrival in England Mr. Forbes had asked for an interview with the Secretary of State. In a letter dated 4th August he explained that "the people of Rhodesia had absolutely repudiated the assumption involved in Sir George Goldie's Scheme that Rhodesia admitted its indebtedness to the Company for the deficit between revenues and expenditure for a number of years." The continued existence of the Company was "inimical to the prosperity of Rhodesia"; it must be eliminated, and as self-government was out of the question, some form of control by the Crown was the only alternative. It was no use negotiating with the Chartered Company for its own elimination, and they therefore appealed to His Majesty's Government for relief. He went on to say

> "In our opinion the present is a favourable time for acquiring Southern Rhodesia at a comparatively low price, owing to the financial difficulties of the Chartered Company, and owing to the fact that we have reason to believe that they value Northern Rhodesia very highly, and, if allowed to retain that, would part with Southern Rhodesia more readily than they would otherwise do. We hoped that His Majesty's Government might be prepared to guarantee a loan for the purpose of expropriation; taking the place of the Chartered Company as an administration, and for

> security of the debt the people of Southern Rhodesia pledging themselves to its ultimate redemption, just as they are now being asked to do by the Chartered Company for the purposes of a loan to be spent on industrial development."

It must be admitted that this appeal is not consistent with the understanding on which the delegates accepted the Company's invitation, but, on being consulted by them, Dr. Jameson and Mr. Beit agreed that they were justified in submitting the Conference resolutions to the Secretary of State. 29769/1904. 27980/1904.

Mr. Lyttelton received the delegates on the 12th August. The interview was not reported, and the account which follows is taken from a note made shortly afterwards. "Mr. Gordon Forbes made a statement as to the circumstances in which the delegates were elected and as to their negotiations with the Board of the British South Africa Company. The Board had made an offer of which the chief feature was the proposal to institute a public debt of £7,500,000, with the concurrence of the inhabitants of Southern Rhodesia. Of this £5,000,000 was to go to the Company in satisfaction of their claim for past deficits on administration, while £2,500,000 would be spent in developing the country. The Company would hand over the public buildings and the administrative 'plant' generally, and would also give up to the new Government one third of their interest in land and minerals in Southern Rhodesia. It was not clear how the money was to be raised, but an immediate issue was not contemplated as interest was to be funded.

"The Company's proposals as regards supervision over the expenditure of the £2,500,000 were quite satisfactory, but the delegates had refused the offer, looking on it, as one of them said, 'as a cold-blooded invitation to commit suicide.'

"In the conversation which followed, Mr. Lyttelton insisted on the fact that there was no information on which to base an estimate of the value of the Company's assets. One delegate said that he had calculated that the Company valued their interests at £17,000,000. But it was admitted that the delegates had no means of checking the value put on the assets, and it appeared that the only suggestion they could offer was to take the average market value of the shares of the Company over a period of two years. Being pressed on this point, the delegates replied that they looked to the Secretary of State to assist them by forcing the Company to value their assets. The idea was that the Company should state now what value they put on their assets and what price they would take for them when the time came, so that there should be on record an offer which the people would take at some future date.

"Mr. Lyttelton pressed the delegates to tell him what they considered a fair price to give;

but they were not prepared to do this. He refused to make a general statement as to the policy of His Majesty's Government in regard to Rhodesia, but promised to consider the whole matter carefully.

"In his final remarks to the delegates Mr. Lyttelton dwelt on the fact that the British South Africa Company were in possession under a Royal Charter and could not be turned out except on terms. Clearly the inhabitants could not afford to turn them out. If they were to be turned out it must be by His Majesty's Government, and that being so, His Majesty's Government must be left to choose their own time for dealing with the matter. The disturbing element in what would otherwise have been a purely business matter was the desire of the inhabitants to govern themselves instead of being governed by the Company. But financial considerations precluded His Majesty's Government from gratifying that desire. They might dismiss at once any idea that the United Kingdom would find money for the purchase of Rhodesia in the near future."

On the 16th August, Mr. Lyttelton wrote to Mr. Gordon Forbes to assure him that there was no lack of sympathy with the inhabitants on the part of His Majesty's Government. A passage from this letter is worth quoting, as it deals with a subject which is often mentioned in connection with the Imperial guarantee :—

> "One of your colleagues expressed the view that the Imperial Government was under an obligation to the British South Africa Company for the part it had taken in the addition of Rhodesia to the Empire. That is, of course, a view which may not be shared by all classes and all parties in this country, but in any case the money value of such an obligation would be a matter of great controversy, and the estimation of its amount complicated by the fact that the Company's enterprise has naturally been of a more speculative nature than are the actions of a Government in the development of a new territory."

Some of the delegates stayed in this country to discuss commercial matters with the Directors.
30762/1904. They obtained some concessions, principally in regard to facilities for small mine workers, railway rates, and assistance to farmers to fence their lands.

The Company asked for a report of the proceedings at the interview, and in a reply dated 9th December, 1904, were told that :—

30762/1904.

> "the proceedings were almost entirely confined to statements by the delegates of their views and wishes, and Mr. Lyttelton, beyond pointing out that financial considerations precluded His Majesty's Government from furthering the desire of the settlers to govern themselves independently of the British South Africa Company, carefully refrained from any statement as to the policy of His Majesty's Government in the matter, though he intimated that, in his personal opinion, the dispossession of the Chartered Company without reasonable compensation to them appeared to be out of the question."

The Rhodesian Land and Mine Owners' Association was also told that His Majesty's Governwere not going to buy the Company out. Both sides are therefore aware that no Imperial guarantee will be given. 33736/1904.

Mr. Lyttelton Gell wrote in the *Times* of the 22nd of August a long defence of the Company. His chief points were that out of the 12,000 inhabitants there were probably not 1,200 permanent settlers independent of the Company; that the settlers owed everything they possessed in Rhodesia to the Charter, which had done far more for them than the Crown ever did for any Colony; that the natives contributed a large share of the taxation; and that the mining laws, especially the 30 per cent. clause, did no more than give statutory sanction to the bargain between the miner and the Company in regard to the property of the latter in the minerals. 30554/1904.

At the Company's meeting on the 10th October the Duke of Abercorn, the President, gave an account of the negotiations, the failure of which he attributed to the fact that the delegates did not represent the great body of moderate opinion in Rhodesia. As the Company's proposals were no longer open for acceptance it was unnecessary to ask the shareholders to confirm them. A prospect was held out of further negotiations in the future. The addition of £1,000,000 to the Company's capital was then sanctioned, but the shareholders repudiated the underwriting arrangements and apparently found the money themselves. This fact, which showed that the Company was not "at the end of its tether" as had been thought, naturally produced some effect on opinion in Rhodesia.

There was some criticism of the delegates on their return to Rhodesia, due mainly to disappointment over the loss of the development loan, and it was suggested that less onerous terms might have been obtained by further negotiation. Colonel Raleigh Grey, a leader of the moderate party at the Salisbury conference, put forward a counter-proposal of his own in a letter to his constituents, dated 9th October, 1904. His scheme was based on an equal division, both of assets in Southern Rhodesia and of administrative liabilities between the country and the Company, and it involved the creation of a debt of £6,000,000, of which £2,000,000 would be for development and £4,000,000 would go to the Company, but bear no interest for 10 years. 39516/1904.

The Imperial Government was to be asked to guarantee the £6,000,000 and a further £8,000,000 loan to cover the railway debentures and facilitate expropriation.

"Representative government under the Charter" was to be established immediately. He seems to have been under the impression that representative government would in some way separate the local administration completely

from the commercial side of the Company. On 31st October he developed his ideas in a speech to the electors at Salisbury, in which he dwelt at length on the folly of the extreme views of the delegates. It may be noted that the statement that the country owed a debt to the Chartered Company was received favourably.

43405/1904. Resolutions in favour of re-opening negotiations were passed by large majorities by the Bulawayo Chamber of Commerce on the 10th November, and by a meeting "representing the trades and professions of Salisbury" on the 21st November. A Committee was formed in Bula-

2884/1905. wayo, and on the 6th of December they wrote to the High Commissioner saying that the main cause of the failure of the recent negotiations was the difference of opinion as to the liability of the settlers for past administrative deficits, and asking for an official statement on the subject. The letter was forwarded through the Administrator, but he offered no comments on it. Lord Milner replied on the 9th January, 1905 that it was quite impossible for him to make any official statement.

At the ensuing session of the Legislative Council, which took place in May, 1905, Colonel

21907/1905. Grey moved that it was "necessary in the interests of the country that a general settlement of all administrative, financial and other questions between the people and the Chartered Company should be arrived at as soon as possible." After discussion the motion was withdrawn. No report of the debate was sent home.

One of the concessions arranged between the Directors and the delegates was the grant of assistance to farmers to provide fencing, which is necessary to prevent the spread of cattle disease. The Company proceeded to carry out their promise by introducing a Loan Ordinance in 1905, which provided for raising a fund to be lent to farmers for various agricultural purposes. In the first instance only £250,000 was to be raised, but provision was made for the issue of further sums, with the consent of the Legislative Council, the whole to constitute a public debt of Southern Rhodesia and to be known as "Southern Rhodesia Consols." The debt was to be charged on the public revenue generally, and also specifically secured by the hypothecation of one-sixth of the Customs revenue. Two of the elected members objected to the principle of creating a public debt before a settlement had been effected with the Company, but the majority were in favour of the Ordinance, subject to an amendment which gave the elected members the right to decide the purposes for which the loans could be raised under it. The High Commissioner reserved his assent on the ground that the Ordinance involved a new and important departure.

21893/1905. In asking the Company for further explanations, Mr. Lyttelton called their attention to a

letter of the 18th July, 1898, in which Mr. Chamberlain had declined to approve their proposal that the administrative deficit should be regarded as a first charge on the country and eventually constituted a public debt. That letter ran as follows :—

> " whilst Mr. Chamberlain will be ready to approve any alterations in the present system of keeping the accounts of the British South Africa Company which will more clearly distinguish the receipts and expenditure of the administration of Southern Rhodesia from the other transactions of the Company, he must decline to pledge Her Majesty's Government to anything in the nature of a public debt or of a charge on the administration as distinguished from the Company itself, which has been placed in possession of all the assets of the country."

The Company contended in reply that there was a distinction in principle between the scheme embodied in the Ordinance and the proposal made in 1898. Mr. Lyttelton was disposed to sanction the Ordinance, if the Company would drop the proposal to create a public debt of unspecified amount, and treat the Ordinance as if its effect were limited to the raising of a loan of £250,000 for loans to farmers. The Company were ready to do this, but the Treasury refused to "agree to the creation of a public debt of Southern Rhodesia, or to the acknowledgement of a charge on the revenues of Southern Rhodesia as distinguished from those of the Company itself, which has been placed in possession of all the assets of the country." The correspondence relating to the Loan Ordinance was made public by the Company in Southern Rhodesia. 4310/1906.

During the 1906 session of the Legislative Council one of the elected members moved. 29565/1906.

> "That this Council refuses to assent to the claim put forward by the Treasurer that the receipts described as income derived from property of the British South Africa Company is actually revenue accruing to the Chartered Company on its commercial side."

This was supported by all the elected members but rejected by the casting vote of the Administrator. The debate on the motion is not recorded.

In October, 1906, Lord Selborne made a tour in Southern Rhodesia. He had let it be known that he was coming with a view to ascertaining the opinions of all classes on matters of public interest. He says that he found the people unanimous in protesting against " the policy of the commercial side of the British South Africa Company." The universal complaint was that the commercial policy of the Directors in respect of mining, land settlement, and railways was detrimental to the development of the country. In so far as the complaints of the inhabitants relate to matters capable of adjustment without an alteration in the form of government, they 43531/1906.

are outside the scope of this Memorandum, and it is only necessary to touch on them in so far as they explain the desire of the people for a settlement with the Company and a change in the present form of administration.

Lord Selborne says :—

> "The deputations which I met formulated the demands which they asked me to convey to His Majesty's Government through you in various forms. The following extracts from my notes are typical of the whole :—
>
> The Chamber of Mines, Bulawayo, requested that : 'The administrative sphere of the Company should be now definitely separated from its commercial sphere.'
>
> The deputation from the Chamber of Commerce, Gwelo, handed in a memorandum, of which I enclose a copy, and which commences with the following resolution : 'That, in the opinion of this Chamber, the influence of the British South Africa Company on its commercial side is detrimental to the interests and progress of Southern Rhodesia, and that the time has now arrived when, in order to promote internal development and prosperity, it is imperative that the commercial influence of the British South Africa Company be eliminated, and that a general settlement be arranged with them.'
>
> The deputation of the Mayor and Town Council and certain specially elected citizens of Salisbury adopted and endorsed the resolution of the Gwelo Chamber of Commerce, and they definitely asked for a Royal Commission to enquire into the effects on Southern Rhodesia of the commercial policy of the Board of Directors of the British South Africa Company.
>
> The deputation from the Chamber of Commerce at Umtali associated themselves with the demand of the Salisbury deputation for the appointment of a Royal Commission, and the Manical and Farmers' Association at Umtali handed in the following resolution : 'That, in the opinion of this Association, the inevitable conflict of interest arising from the fact that the Government and the administration of Rhodesia is dominated by a commercial company is detrimental to the development of the country and inimical to the true welfare of its inhabitants. Further, that this Association is of opinion that the time is ripe for a severance of the administrative functions from the commercial element, and that the Government of the country should be in the hands of His Majesty's Government and a popularly elected Legislative Council.'
>
> On the questions thus so seriously at issue between the people of Southern Rhodesia and the Board of Directors of the British South Africa Company I express no opinion, because no one could do so without both a much longer and more detailed examination than I have been able to give to the questions on this occasion or without hearing the case of the Board of Directors, nor have I attempted to analyse the statements made to me."

After giving his impressions on some of the matters in dispute, he points out that the controversy between the people and the Directors involves two separate questions :—

> "(1) What shall be the nature and form of the final division, whenever it takes place, of liabilities and assets between the shareholders of the British South Africa Company and the people of Southern Rhodesia ?

(2) Is the policy at present being pursued by the Board of Directors of the British South Africa Company one calculated to develop the mineral and agricultural resources of Southern Rodesia or is it not ?"

The second question is not one for this memorandum. As regards the first, Lord Selborne says :—

"I have already informed your Lordship of the extraordinary affection in which the memory of Mr. C. J. Rhodes is held ; bnt I ought also to record the fact that never once was it denied to me by the deputations or individuals whom I had the pleasure of meeting how much the people of Southern Rhodesia owe also to the shareholders of the British South Africa Company. It is universially and unreservedly admitted that, if it had not been for Mr. C. J. Rhodes and the shareholders of the British South Africa Company, there would have been no Colony of Southern Rhodesia and no people of Southern Rhodesia ; and when I asked whether they did not think, under the circumstances, that the shareholder of the British South Africa Company deserved not only just but generous and sympathetic consideration at the hands of the people of Southern Rhodesia, the answer was invariably in the affirmative.

As regards the first of the questions abovementioned, it would be idle to pretend that, when the moment of distribution of liabilities and assets between the people of Southern Rhodesia and the shareholders of the British South Africa Company comes, the interests of the two bodies will be identical. On the contrary, those interests must be conflicting. Both parties must desire to secure for themselves as many of the assets of the country as they can and to shoulder as small a proportion of the liabilities as possible.

It was suggested in more than one resolution that the time had come when a system of representative government under the control of the Colonial Office might advisedly be conferred by His Majesty on the people of Southern Rhodesia. The difficulty which meets one on the threshold is that it is not easy to see how representative government under the Colonial Office can be conferred on the people of Southern Rhodesia without a division of the liabilities and assets between the shareholders of the British South Africa Company and the people of Southern Rhodesia."

His solution of the difficulty is the appointment of a Royal Commission, but he admits that it is questionable whether it is worth while to have any such investigation unless the division of the assets would be followed immediately by the introduction of representative government under the Colonial Office, and he doubts whether the white population is sufficient to bear the burden involved in this change.

The representations made to Lord Selborne for communication to His Majesty's Government were in effect answered by the reply of the Secretary of State to another despatch dealing with the request of the Mayor of Salisbury for a Royal Commission to inquire into the differences between the inhabitants and the Company. In this despatch, which was published in the Rhodesian papers about the time the Legislative Council met, Lord Elgin declined to recommend

the appointment of a Commission in view of the approaching visit of the Directors to Rhodesia. Referring to this visit, the Secretary of State said :—

> "The opportunity which will thus be afforded to the inhabitants of the territory to bring directly to the notice of the Board the various questions on which representations were made to you during your recent visit renders it unnecessary for me to take any action at present with regard to matters which were brought to your notice during your visit to Rhodesia last autumn and on which you reported to me at length. I have no doubt that the Board will give the most careful consideration to any subjects which may be brought before the Directors on that occasion."

In the course of the next session, held in May, 1907, Mr. Longden, member for the Midland district, moved :—

> "That in the opinion of this Council the time has arrived when in the interests of the country the British South Africa Company ought to be relieved of its administrative responsibilities in Southern Rhodesia and the administration entrusted to a government adequately representative of the people."

In support of his motion he attacked the alleged influence of the commercial side on the Company's policy. He rejected the idea of annexation to the Transvaal, and did not want responsible government, as that would mean a settlement with the Company, which would involve a debt and payment of interest that the country could not afford. His solution was representative government under the Crown. Colonel Grey was for representative government under the Charter. The Treasurer, replying for the Administration, welcomed the suggestion of increased popular representation, and invited the elected members to approach the Directors on the subject during their coming visit. In order to secure unanimity among the elected members, it was proposed to put the resolution in the following form :—

> (1) That before this country obtains a higher form of Government and assumes the responsibilities and obligations attached to it, it is necessary and advisable first to arrive at a general settlement of accounts and outstanding differences with the British South Africa Company.
>
> (2) That advantage be taken of the visit of the Directors to urge upon the British South Africa Company that the time has arrived when it is imperatively necessary that such a settlement should be made, and that the Imperial Government should be approached to grant a form of government more adequately representative of the people, which will eliminate the commercial influence of the Company on the Government.
>
> (3) That the elected members of this Council represent these views to the Directors.

All the elected members were willing to vote for this resolution, and the Administration were prepared to accept it, subject to the deletion of the words "which will eliminate the commercial influence of the Company on the Government."

The Treasurer moved to substitute the words "which would act independently of the commercial policy of the Company." The official members considered that the words to which objection was taken cast a slur on the Administration. There was an adjournment for private discussion, but no understanding could be reached. One of the official members then moved the previous question, which was carried by the casting vote of the Acting Administrator.

From an address to the electors subsequently issued by Colonel Grey, it appears that the majority of the elected members were for accepting the Treasurer's suggestion, but that "Crown versus Charter was the real rock upon which the two parties split." It appears that the newspapers have contended that the advocates of Chartered control, by accepting the resolution, accepted the principle of Crown Colony Government. Colonel Grey protests that this is not so. In any case it is clear that the difference of opinion on the popular side remains, and that any demand for representative government under the Crown will not be unanimous. 24403/1907.

It will be seen that considerable progress has been made since Sir George Goldie's scheme was first put forward in 1894. On the one side the inhabitants are prepared to admit some liability in respect of the Company's past administrative expenditure; on the other, the Company have accepted the principle of a division of the assets concurrently with the inauguration of a new form of government in Southern Rhodesia. And, subject to the adjustment of the questions still at issue, both the inhabitants and the Company are prepared to ask the Crown to transfer the balance of power in the Legislative Council to the elected members.

G. G.

July, 1907.

APPENDIX I.

EXTRACTS FROM Mr. RHODES'S SPEECHES, TAKEN FROM "CECIL RHODES, HIS POLITICAL LIFE AND SPEECHES, 1881-1900." By "VINDEX."

Speech at the second annual meeting of the British South Africa Company on 29th November, 1892 :—

"I have dealt now with most of the questions in connection with our position, but you may ask what prospects you have, as shareholders, of a return. Well, I will say frankly that it depends on the result of the minerals in our territory. My experience of the past is that just as *quâ* Government, so *quâ* a company—we cannot expect to do more than balance revenue and expenditure from land, customs, and assisting in other matters connected with developing the general natural resources of the country. Therefore, when we created the Charter, we had to consider by what means a return could be given to the shareholders, and I remember thinking out the various ways of making a return to those who had risked their capital in the undertaking. It has always struck me that if it were possible for the Government of the country to share in the discovery of the minerals, a very fair return would accrue. For instance, I have been a miner at Kimberley on the discovery of the diamond fields, and I was allowed to mark out one claim. It has always struck me afterwards, when I had become engaged in the politics of the country, that if I had been allowed to mark out five claims no one would have been hurt if I had pegged out two and a half for myself and two and a half for the Government. The same thought occurred to me when I went up to Witwatersrand and saw that marvellous goldfield where the terms were that they could each mark out one claim. It occurred to me that, supposing the law had been that each of them could mark out ten claims, five for himself and five for the Government—it would not hurt the prospectors, and it would have meant wealth to the Government of the country.

"The only objection to the idea was that it was a perfectly new one. At any rate, we thought we would try it in Mashonaland, and it is the law of the country that fifty per cent. of the vendor scrip goes to the Charter. I may say in a parenthesis that the Charter had an extra reason beyond what an ordinary Government could give for asking for this, because, besides being the Government of the country, it is also the possessor of the mineral wealth."

Speech made to the Volunteers at Bulawayo on 19th December, 1893, after the defeat of the Matabele :—

"I must tell you, furthermore, that it is agreed that the High Commissioner and myself shall discuss the whole of the future mode of settlement to be hereafter decided upon. There will be probably reserves for natives, and the remainder will be what I might call public land, so that you will be the first entitled to select land, and you will deal with it after provision has been made for the natives. We will certainly have to deal with your grants of land without loss of time. It is your right : for you have conquered the country. I must also tell you that it is agreed, as far as we are concerned, that with regard to the balance of the ground in the country, the minimum price at which it will be sold will be 3*s.* per morgen. There will thus be native reserves, free grants to yourselves, and the balance of Crown land, which is not to be sold under 3*s.* per morgen, so as, to begin with, to give a certain value to the first occupiers, numbering somewhere about nine hundred, in favourable portions of the country."

Speech to the Shareholders on 18th January, 1895 :—

"The next risk with a commercial company like ours would be the question of the cost of administration. You might very fairly say, 'We know that the future is all right. We feel that so huge a country mineralised like that—must come out successfully ; but what is the cost of administration, what is the difference between revenue and expenditure ?' That is the next question which business men would ask. In connection with that you will, no doubt, have examined the reports, but it is always very difficult to gain a practical idea from a report respecting a question like that. I can, however, tell you from my knowledge about the position. The revenue now is about £50,000 per annum from the country, and the expenditure is about £70,000. You must, however, remember that I do not include in the revenue of £50,000 the sale of stands, because I call that capital account. I mean by revenue what you receive monthly from stamps, licences, and the ordinary sources of revenue which every country possesses.

"You may, therefore, say that you have a country where white people can live and be born and brought up, and it is suitable for agriculture ; but, of course, the main point we must look to, in so far as a return to our shareholders is concerned, is the question of the mineralisation of the country. I have said once before that out of licences and the usual sources of revenue for a government you cannot expect to pay dividends. The people would get annoyed if you did ; they do not like to see licences spent in dividends—those are assets which are to pay for any public works and for good government. We must, therefore, look to our minerals to give us a return on our capital, which you must remember is £2,000,000.

"I think, however, that, with the facts which I have stated, you may be confident that in the future Matabeleland and Mashonaland will be gold-producing countries, because it would be contrary to nature to suppose that a country that is mineralised from end to end should not have payable shoots. With these words I will make no further remark as to the gold, save and except to tell you this : that if one of you asks how you will get a return in connection with that gold, I may state that what I term the 'patent' in the country—namely,

the company getting a share in the vendor scrip—has been practically accepted by the country. We have had not the slightest difficulty in settling with the various corporations who have obtained capital from the public."

Speech to the shareholders on 21st April, 1898, after Mr. Rhodes had been re-elected a Director of the British South Africa Company :—

"I dare say some of you may have read the accounts of the Governors of Australia when they first annexed it. They said it was hopeless, but it has now four million inhabitants and a trade, I believe, of about £100,000,000 a year. But following that train of thought, what I mean to put is this—that it would be unfair solely to debit you or the first people of the country with the total cost of its conquest and development from barbarism to civilisation. It is the people who come afterwards who should, in the shape of public debt, repay that, and so I consider that having adopted the course that we shall pass from a chartered administration to a self-governing State, we think that self-governing State, whenever it chooses to take on itself the full responsibilities of governing itself, must take over the debt which you have incurred in connection with the conquest and development of that country, and I feel sure that they will do it.

"What I am trying to lead you to is that our charge is not an unfair one. The thing is that it is new. The real secret is that all governments should take an interest in all minerals discovered under the soil, because those minerals are found by accident, and it is the government that makes them valuable by their administration and protection. You will hear over and over again in the world of some man trudging along with his donkey and his pack and finding something worth a million or two. It would be far better when he made that discovery, that he should give a portion to the government of the country, and you are the government of the country. This interest in the vendors' scrip is fair, and not an excessive interest for you to claim, and it does not affect the interests of anyone.

"It is often said that you want one-half the gold—that you take one-half the gold. Nothing of the kind. You have the right to half-interest in the vendors' scrip, as against the working capital that is subscribed ; and I have shown you that the prospector receives a return in being charged nothing for licence, and in being allowed to mark out ten claims, whereas, under ordinary law, he only marks out one claim ; that the speculator knows what he is buying and pays accordingly ; and that the people who subscribe the working capital on the Stock Exchange are not affected whether the vendors' scrip belongs to the man who has purchased or whether the vendors' scrip is divided between the man who has purchased and the government of the country. That is the proposition about your interest, and that you have ; and when the government of the country becomes self-governing, I feel sure that they will make no objection to your retaining that interest. It will be a question of bargaining. You will say, 'You can have your self-government on these conditions,' and it would be fair. You might give them a certain share in your interest for managing the concern. But I am sketching the thing in detail, so that you may go home and consider it, and I feel sure that when you consider the points I have put to you about your expenditure on administration and your share in vendors' scrip, you will begin to see that you have not only added an extra province to the Empire, but you will get a fair return for the money you have so liberally expended.

"Now, having dealt with your interest in the vendors' scrip, and the mode in which one proposes to balance revenue and expenditure in connection with the development of the country, and having pointed out that it is going to become a self-governing State in South Africa the same as Natal and Cape Colony, and that even when it does become that you will still retain your interest in the vendors' scrip, and probably give the government of the country something for collecting it for you, having pointed out these facts to you, I should like to proceed and show you how marvellously, by your assistance, we have succeeded in development."

Speech of 2nd May, 1899, the last speech to the shareholders :—

"You might ask me about the future, and I repeat again that I think that the country will have a great white population, and I believe that it will pass from semi-responsible government (that is the present position) to full responsible government. But, as I said before, I think that when that State governs itself, it will have to repay to the Charter shareholders (and I take the opportunity of again stating this) in debentures probably your full expenditure on war, public works, and everything connected with the occupation of the country and its present administration. You may ask "Where will your interests be preserved ? I think you will then still retain your interest in the vendors' scrip, that is, in the mining undertakings, probably giving something to the government of the country for relieving you of the cost of administration. I have to look after the interests of my shareholders. You have been a loyal body, and it will be my duty in the future to see that in the final settlement your interests are respected, I think this is a wise opportunity, just before the meeting of our council, to state to you one's thoughts as to the future position of the country and the future position of the population when they take full charge of the administration of the country ; I think it wise to state that it is my duty to safeguard your interests as shareholders, and to see that in the final settlement there is nothing you may complain of."

APPENDIX II.

The authorised capital of the British South Africa Company is now £6,000,000, in £1 shares, all of which have been issued and are fully paid. The original capital was £1,000,000. In 1893 this was increased to £2,000,000 to buy out the United Concessions Company, which was entitled to a half share in the British South Africa Company's profits (see African No. 439, pp. 9–11). The capital was further increased to £2,500,000 in 1895; to £3,500,000 in November, 1896; to £5,000,000 in April, 1898; and to £6,000,000 in October, 1904.

The borrowing powers of the Directors are limited to one-half the amount of the subscribed capital. The only outstanding debenture issue is one of £1,250,000 5 per cent. debentures, issued at £97 10s. in July, 1896. The 6 per cent. debentures given to the De Beers Company (see p. 10) have been paid off. The last issue of shares in October, 1904, took place at 21s. a share. According to the balance-sheet for the 31st March, 1906, which is the latest available, the sum of £4,250,788 has been received by way of premium on shares, and 1,177,085 shares have been issued as fully paid in payment for concessions or in exchange for shares in other companies.

The average price of issue to subscribers would appear therefore to be about £1 17*s.* 6*d.* a share. The table below shows the highest and lowest quotations of the £1 shares since 1892 together with the average for certain 5 year periods :—

——	Highest.	Lowest.	Average of 5 preceding years.
1892	1 7/16	1 1/8	
1893	2 1/2	3/4	
1894	2 7/16	1 1/8	
1895	9	2 1/16	
1896	5 11/16	2 1/16	55*s.*
1897	4 5/16	1 3/16	65*s.*
1898	3 3/8	2 3/16	70*s.*
1899	4 3/8	2 3/8	75*s.*
1900	3 15/16	2 5/8	65*s.*
1901	3 13/16	2 3/8	60*s.*
1902	4 1/2	2 13/16	65*s.*
1903	3 3/4	2	65*s.*
1904	2 11/16	1 3/16	60*s.*
1905	2 3/8	1 5/8	54*s.*
1906	2 1/16	1 7/32	
1907	1 29/32	1 5/32	

It will be seen that the shares have not been below par since the year 1893, when Matabeleland was conquered.

The Company have given the following guarantees in respect of the railways :—

Interest on £2,000,000 Rhodesia Railways, Limited, 5 per Cent. First Mortgage Debentures for 20 years from the 1st November, 1895.

Principal, premium, and interest of £4,250,000 Rhodesia Railways, Limited, Debentures, of which £252,870* bear interest at 3 per cent., and £3,997,130 at 4 per cent.

Interest on £2,500,000 Mashonaland Railway Company, Limited, 5 per Cent. First Mortgage Debentures for 22 years from the 1st October, 1897.

Principal, premium, and interest of £2,560,000 Mashonaland Railway Company, Limited, 5 per Cent. Guaranteed Mortgage Debentures (1905).

Two per cent. interest on £250,000 Ayrshire Gold Mine and Lomagunda Railway Company, Limited, 5½ per Cent. First Mortgage Debentures for 20 years from the 1st of April, 1901.

The annual liability involved by these guarantees thus amounts to £525,471 up to November, 1915, falling between that date and April, 1921, to £295,471, in respect of which the liability is perpetual. It is not possible to state accurately how much of the debenture interest of the railways the Company is called upon to pay in virtue of these guarantees. Some portion, at least, of the money in respect of which a perpetual guarantee has been given has been expended on construction north of the Zambesi. The liability for this portion would not, of course, fall on the State of Southern Rhodesia if the Company were relieved of the burden of the railway guarantees in the settlement.

In addition to the railway guarantees the Company has guaranteed "the principal of sundry loans and accounts amounting to £97,282 3*s.* 6*d.* and interest." It is not stated whether these loans are for any administrative purpose.

* Subscribed at par in 1899 by Rhodesian companies and others to provide for the construction of the first 150 miles north of Bulawayo.